

Fact Sheet

Module 8—Child Tax Credit and Additional Child Tax Credit

The child tax credit allows taxpayers to claim a tax credit of up to \$1,000 per qualifying child. This reduces their tax liability, potentially to \$0. In order to claim the credit, the taxpayer and child must meet numerous requirements.

When a taxpayer's child tax credit is more than their tax liability, they may be eligible to claim an additional child tax credit as well as the child tax credit. The additional child tax credit is also a tax credit of up to \$1,000 per qualifying child. This further reduces their tax liability and can result in a refund. Taxpayers must meet additional requirements to claim this credit.

Child Tax Credit Requirements and Limits

Child Requirements

To qualify, the child must:

- be under age 17 at the end of the tax year
- be a citizen or resident of the United States
- not have provided over half of his/her own support for the tax year
- lived with the taxpayer for more than half of the tax year
- be the taxpayer's:
 - child or a descendant of a child (for example, a grandchild)
 - stepchild or adopted child or a descendent of one
 - brother, sister, stepbrother, stepsister, or a descendent of one
 - eligible foster child

Taxpayer Requirements

Taxpayers must provide the name and social security number of each qualifying child on their tax returns.

Credit Limits

The credit depends on the taxpayer's:

- tax liability: the credit cannot be more than the taxpayer's tax liability
- modified adjusted gross income and filing status: the credit may be reduced if the taxpayer's modified adjusted gross income is above a certain amount for their filing status.

Additional Child Tax Credit Requirements and Limits

Child Requirements

To qualify for the additional child tax credit, the child must qualify for the child tax credit.

Taxpayer Requirements

To qualify for the additional child tax credit, taxpayers must:

- meet the requirements previously discussed for the child tax credit
- have a tax liability that is less than their allowable child tax credit
- earn more than \$11,750 during the tax year

Credit Limits

The credit is whichever is lower:

- 15% of the taxpayer's taxable earned income that is over \$11,750, or
- The amount of unused child tax credit (caused when tax liability is less than allowed credit)